

The financial market instruments for risk management in the commodities sector

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Abstract

© Medwell Journals, 2017. Financial risk is caused by changes in commodity prices that affect the cash flows and market value of a company and therefore, its financial health and competitive position in product and labor markets. In the study the analysis was performed determining the risk of changing commodity prices. Reviewed risk management strategy changes in commodity prices. The study was proposed and discussed financial market instruments for risk management in the commodities sector. These tools include: forwards, options and swaps. The researchers conducted an analysis of the proposed financial instruments revealed their advantages and disadvantages.

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Keywords

Commodity price risk, Financial market instruments, Financial risk, Forwards, Management, Options, Risk, Swaps

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